

LOUISIANA AGRICULTURAL FINANCE AUTHORITY (Lafa)

June 17, 2011

10:00 AM

Veterans Memorial Auditorium
5825 Florida Boulevard
Baton Rouge, LA 70806

CALL TO ORDER

The meeting was called to order by the Chairman, Louisiana Department of Agriculture and Forestry (LDAF) Commissioner Mike Strain at 10:08 A.M.

ROLL CALL

The roll was called by René Simon.

Present: Commissioner Strain, Robert Allain, Ted Gauthier, Jerry Hunter, Richard Muller, William Hawkins, H. Marcell Parker, Jr. and Linda Zaunbrecher.

Mr. Simon stated 8 members were present and there is a quorum.

Others present: René Simon, LDAF; Pete Rudesill, LDAF; Faith Marionneaux, LDAF; Rachel Laborde, LDAF; Tabitha Gray, LDAF Executive Counsel; Yolanda Dupuy, LDAF; Corinne Brousseau, LDAF; Wade Dubea, LDAF; Mike Buchart; Catherine Miles, Legislative Auditor's Office; Tracy Morganti, Adams & Reese; John Litchfield, Berrigan, Litchfield, Schonekas, Mann & Traina, LLC.

PUBLIC COMMENTS

There was none.

APPROVAL OF MINUTES FROM PREVIOUS MEETING

Commissioner Strain asked the Authority members to review the minutes from April 7, 2011.

Motion: A motion was made by Mr. Muller to approve the April 7, 2011 minutes. It was seconded by Mr. Hunter and passed unanimously.

REVIEW OF FINANCIAL STATEMENTS

Commissioner Strain, Ms. Brousseau, Mrs. Dupuy and Mr. Simon reviewed Lafa's Financial Statements and answered the members' questions regarding fund balances. Ms. Brousseau advised the Members that Lafa maintained only one checking account; and that all fund balances were maintained in that one account.

Motion: A motion was made by Mr. Hawkins to accept the Financial Statements. It was seconded by Mr. Parker and passed unanimously.

COMMISSIONER'S REPORT

Commissioner Strain and Mr. Simon gave an update on the Federal programs that LAFA is administering for the Farm and Agribusiness Loan and Grant Recovery Program and Louisiana Department of Wildlife and Fisheries Grant Program.

Mr. Rudesill and Mr. Simon reported on the Security Upgrade at LDAF Headquarters and the Hardening of the Main Building. The Security Upgrades that were authorized by the Authority Member are almost complete. The Hardening Project is in the bid phase, and Members were given details of what exactly the project entailed. Mr. Simon reviewed the status of lease of the Lacassine Industrial Park (LIP) front office to Progressive Tractor Company.

OLD BUSINESS

Discussion and strategy on the pending lawsuit involving LAFA:

Texans Credit Union v. LDAF, Louisiana 19th JDC, East Baton Rouge Parish, Docket No. 583476

Motion: A motion was made by Mr. Allain to have a roll call vote to move into executive session. It was seconded by Mr. Muller. All members voted yes in the roll call vote to move into executive session

Motion: A motion was made by Mr. Hawkins to come out of executive session. It was seconded by Mrs. Zaunbrecher and passed unanimously.

The Commissioner advised that no binding action or votes were taken during the executive session.

Louisiana Green Fuels/Lake Charles Cane's request for an extension of the Loan Payment due Jeff Davis Bank on July 31, 2011:

Thereafter, following a discussion by the Members, a motion was made by Mr. Hawkins, as follows:

Resolved, that LAFA approve an extension of up to 90 days on the loan payment that is due July 31, 2011, from Lake Charles Cane, LLC to Jeff Davis Bank, for which LAFA is the guarantor of the loan; provided that, LAFA's approval is conditioned on (i) Lake Charles Cane, LLC making its \$100,000 partial interest payment due to LAFA on July 1, 2011, and (ii) written recommendation of legal counsel. It was seconded by Mr. Parker and passed unanimously by all members present and voting.

Construction of Indian Creek Recreation Area Sewerage Upgrade for Camp Sites

Mr. Rudesill reviewed the details of the selection of the engineering firm (J.V. Burkes & Associates, Inc.) through his request for qualifications (RFQ) for the design and engineering. The estimated cost of the proposed project, including engineering, is \$400,000. A discussion then followed among the Authority members and LAFA Staff on the upgrade of the sewage. The following resolutions were offered by Mr. Hunter who moved their adoption:

Resolved, that LAFA, LDAF's Forestry Division, and the Louisiana Forestry Commission enter into a long term cooperative endeavor for the operation of the Indian Creek Recreation area which will include the design and construction of a sewer system and treatment facility to serve the Indian Creek Camp Sites to be constructed under the supervision of, and financed by LAFA.

Further Resolved, that LAFA engage J.V. Burke & Associates, Inc., pursuant to its response to the RFQ, to design the sewage system and treatment facility for the Indian Creek Camp Sites for a project cost, including engineering fees, not to exceed \$400,000.

Further Resolved, that the terms of the financing agreement with the Department of Forestry shall be that the Department of Forestry shall reimburse LAFA the total cost of the project in annual installments over a term of ten (10) years with no interest.

The motion to adopt the resolutions was seconded by Mr. Gauthier and passed unanimously.

Construction of Lacassine Industrial Park (LIP) Rail Spur

Mr. Simon reviewed the response to the request for qualifications (RFQ) submitted by the engineering firm, Meyer & Associates, for the design, engineering and development of a master plan for the LIP. This proposed project is estimated to cost \$300,000, and will be funded with proceeds from the 2007 Construction Bond. The Members accepted the report and authorized to proceed with the Master Plan as previously authorized.

Mineral Lease of Allen Parish Property

Mr. Simon and Mr. Bucharth of LDAF discussed the information they gathered from the State Mineral Board to determine the minimum terms for leasing the property. A public notice was advertised on June 2, 2011 and the bids are due on July 13, 2011.

Restructure of the terms of the 2007 \$6,000,000 Construction Bonds

Mr. Simon and Ms. Tracy Morganti, bond attorney with Adams & Reese reviewed with the Authority members a plan for restructuring/refinancing the 2007 Construction Bond. Ms. Morganti advised that in her judgment, given present market rates, the refinanced interest rate should be about 4.57%. The Members accepted the plan to refinance the bonds as presented, and authorized Ms. Morganti to proceed with the negotiation.

NEW BUSINESS

Repair of Mack Transport Trucks Owned by LAFA

Mr. Dubea, State Forester, and Mr. Simon reported on the needed repairs on the Mack trucks owned by LAFA, but used by the Forestry Division to transport bulldozers for fighting forest fires. Mack Trucks Inc. has offered to perform a product improvement campaign on 85 units (2008 Mack GU813's) for \$750/truck for a total cost of \$65,000. Because these repairs need to be made by December 31, 2011 and the fiscal year is ending, Forestry is requesting that LAFA pay for the repairs. Forestry will repay the total amount in quarterly installments of \$16,250 beginning in October 2011.

Motion: A motion was made by Mr. Allain to issue a line of credit up to \$65,000 to the Forestry Division, to be paid back in quarterly installments of \$16,250 beginning October 1, 2011. It was seconded by Mr. Gauthier and passed unanimously.

Repayment by LAFA to the 2007 Construction Bond as outlined in the Fiscal Year 2008 Audit

Ms. Brousseau, Mrs. Dupuy and Mr. Simon discuss the 2008 audit finding for the 2007 Construction Bonds. These bonds were issued by LAFA primarily for building construction. A finding was made by the Louisiana Legislative Auditor that certain payments had been made out of the bond proceeds that did not conform to the purpose for which the bonds were issued. Mr. Simon stated that LAFA needs to pay \$524,395.00 to satisfy the finding. LAFA currently has the money in its general operating account to repay the amount owed to the 2007 Construction Bond fund. Following a discussion among the members, a motion was made by Mr. Muller for repayment of \$524,395.00 from the LAFA operating fund to the 2007 Construction Bond fund. It was seconded by Mr. Hawkins and passed unanimously.

Fiscal Year 2011 -2012 LAFA Operating Budget

Ms. Brousseau, Mrs. Dupuy and Mr. Simon presented the fiscal year 2011-2012 operating budget to Authority members, and answered the members' questions. They handed out a Balance Sheet, the Breakdown of Active Bond Funds and the Cash Balance Fund as of May 31, 2011.

Motion: A motion was made by Mrs. Zaunbrecher to approve the 2011-2012 LAFA Operating Budget, as presented. It was seconded by Mr. Hawkins and passed unanimously.

Fiscal Year 2011-2012 LAFA Capital Budget

Mr. Simon then presented the LAFA Capital Budget to the Authority members. Items of note in the capital budget include: Indian Creek Sewage Construction, Lacassine Industrial Park Rail Spur Construction, and Purchase of 160 new vehicles for LDAF. Following a discussion among the members, a motion was made by Mr. Hawkins to adopt the 2011-2012 LAFA Capital Budget, as presented. It was seconded by Mr. Gauthier and passed unanimously.

Default on Bid to Repair Food Distribution Warehouse Owned by LAFA

Mr. Simon and Mr. Rudesill informed the members that the low bidder, C.R. Humphries Contractors, on the project to repair the Food Distribution Warehouse, has refused to proceed under the terms of the bid specifications. No good reason was put forth by the contractor why it couldn't proceed as it was obligated to do. As a result C.R. Humphries is in default and the project is being delayed. After a discussion among the members of the Authority, the following resolutions were offered by Mr. Muller, who moved their adoption:

Resolved, that LAFA place C.R. Humphries Contractors in default and notify the surety who had furnished the bid bond of the default.

Further Resolved, that LAFA reject all bids and to rebid the project reserving its right to seek damages from C.R. Humphries Contractors bid bond surety.

The motion was seconded by Mr. Hunter and passed unanimously.

ADJOURNMENT

Motion: A motion was made by Mr. Hawkins to adjourn the meeting at 12:47 P.M. It was seconded by Mr. Hunter and passed unanimously.